



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE

Tuesday, November 5, 2002

## CALIFORNIA POWER BONDS A SUCCESS

*Largest municipal bond issue in history is marketed; sets record for retail investor demand*

**SACRAMENTO, CA** – California State Treasurer Phil Angelides today announced the successful marketing of the biggest component of the California Department of Water Resources' Power Supply Revenue Bonds – reportedly the largest municipal bond issue in history at over \$11 billion.

Today's offering of \$6.5 billion in fixed-rate, tax-exempt bonds – coupled with the sale of \$700 million in taxable bonds this Thursday – will result in repayment of the State of California's General Fund for the billions spent to purchase power during last year's energy crisis.

"Many said this bond issue would never be sold, but we overcame unprecedented difficulties to achieve a strong market success," Treasurer Angelides said. "After many months of battling practice, it's fair to say we hit it out of the ballpark today," he added.

Angelides noted that by moving forward with the bonds at this time, the State was able to take advantage of historic low interest rates that will result in savings for ratepayers. The uninsured bonds achieved favorable interest rate levels ranging from 2.82 percent to 5.48 percent, with maturities from 2005 to 2022. Interest rates for the insured bonds bear yields of 2.48 percent to 4.62 percent, with maturities ranging from 2006 to 2018.

"We are particularly pleased that today's effort will lead to repayment of the State's General Fund, and tax dollars intended for education, public safety, health care and other deserving priorities will be restored," Angelides commented.

Demand by investors was very strong. In fact, at \$1.5 billion, orders from retail investors set a record for retail investment in a single municipal bond offering. Approximately 90 institutional investors placed orders for the bonds as well. Proceeds will be received upon closing of the sale on November 14.

**BACKGROUND:** On January 17, 2001, the State of California began purchasing electricity to provide power to customers of the State's three investor owned utilities, which were no longer able to procure power due to the extraordinary circumstances of the energy crisis. A new law (AB 1X) was approved by the Legislature and signed by the Governor on February 1, 2001, providing that the State funds advanced for energy purchases would be repaid by the issuance of revenue bonds, to be financed through ratepayer revenues in future years.

###